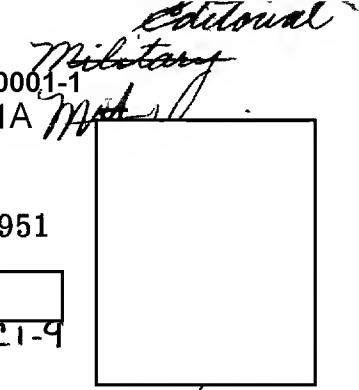


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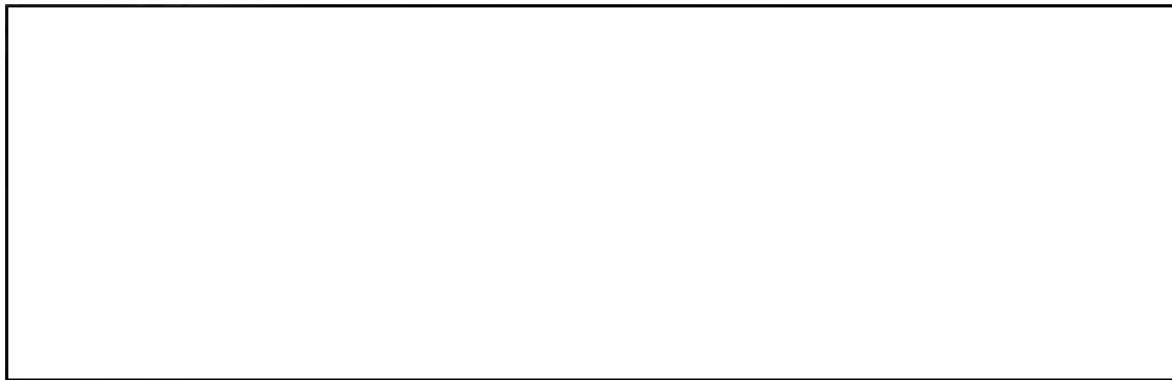
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State Department review completed

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SUMMARY

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FAR EAST

NEAR EAST

4. Reactions to the assassination of Premier Razmara (page 5).

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LATIN AMERICA

6. Brazilian Foreign Office requests delay in Eximbank loan for manganese development (page 6).

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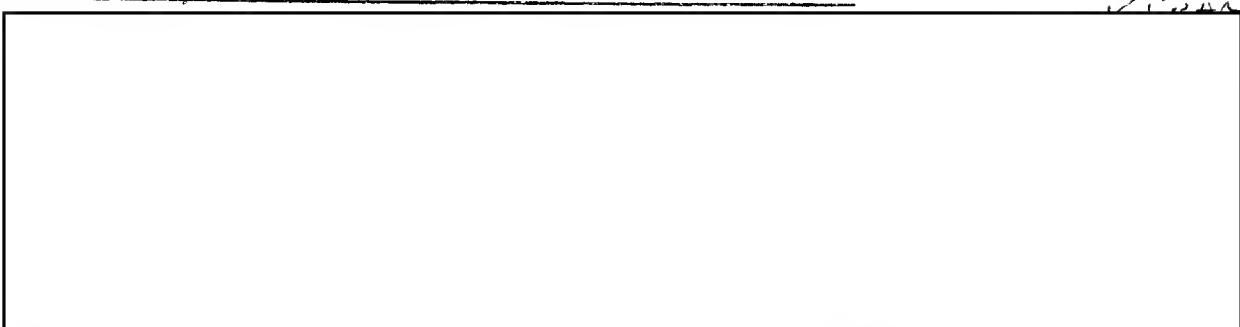
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NEAR EAST

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4. Reactions to the assassination of Premier Razmara:

the Shah, while naming Khalil Fahimi to head a caretaker government, has offered the premiership to Hussein Ala, formerly Iranian ambassador to the US. An Israeli broadcast from Jerusalem has stated that martial law has been declared throughout Iran.

Comment: During his tenure of office, Premier Razmara aroused considerable opposition. Old guard elements in Iranian politics and conservative Moslem groups opposed his program of economic reform. The pro-Soviet Tudeh Party resisted his vigorous measures to control subversive elements throughout Iran. British interests associated with the Anglo-Iranian Oil Company became impatient at his failure to secure ratification of the supplementary Anglo-Iranian oil agreement. The Shah, while depending on Razmara for a successful program of economic reform, was known to be apprehensive over the growth of Razmara's popularity.

Razmara's death is likely to lead to increased parliamentary instability, governmental confusion and internal tension. Under an ineffective premier, Iran will be more vulnerable to Soviet pressure, to the infiltration of Soviet agents and to internal dissension inspired by the Tudeh Party. Furthermore, without Razmara, the success of a program of economic reform is endangered.

The new acting Premier, Khalil Fahimi, who is a member of the old guard group and a recently appointed minister-without-portfolio, will prove to be less effective than Razmara in dealing with current problems. Hussein Ala is known for his understanding of the US and sympathy for US policies. He may be reluctant to accept the responsibilities of the premiership, however, because of his age and ill health.

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LATIN AMERICA



6. Brazilian Foreign Office requests delay in Eximbank loan for manganese development:

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An official of the Brazilian Foreign Office has requested that the Export-Import Bank temporarily delay action

on the loan application for Sobramil, the company owned jointly by US Steel and the Chamma family of Brazil, for the exploitation of the vast Urucum manganese deposits in Mato Grosso. The official stated that the application is under detailed study by the Brazilian National Security Council because the validity of the Chamma concession from the State of Mato Grosso is being questioned; furthermore, some members of the Council consider that, since the concession is located in a frontier zone, approval by both state and federal governments is required. The official added that the problem is an entirely domestic one arising in connection with Brazilian law.

Comment: The manganese deposit in the Chamma concession, which is believed to contain 33 million tons of

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manganese, is the largest in the Western Hemisphere. The Brazilian Constitution does not expressly require that such concessions have the approval of state governments.

Although the military members of the Brazilian National Security Council have continued to favor transporting the manganese ore by rail (in order to obtain US improvement of the railroad across southern Brazil), the Eximbank loan provides for the construction of facilities for transporting the ore by barge down the Paraguay-Parana River to a deep-water port. This desire on the part of the Brazilian military is a possible reason for the delay in the loan application. The delay might also indicate that Brazil intends to use the US need for manganese as a bargaining point at the meeting of the Inter-American Foreign Ministers this month.

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